

Financial Statements of the

Ontario Cannabis Retail Corporation

For the year ended March 31, 2022

Responsibility for Financial Reporting

The preparation, presentation and integrity of the financial statements are the responsibility of management. This responsibility includes the selection and consistent application of appropriate accounting principles and methods in addition to making the estimates, judgments, and assumptions necessary to prepare the financial statements in accordance with International Financial Reporting Standards. The accompanying financial statements of the Ontario Cannabis Retail Corporation (OCRC) have been prepared in accordance with International Financial Reporting Standards and include amounts that are based on management's best estimates and judgement.

Management maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded, and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis reports its findings to management and the Finance & Governance Committee of the Board.

The Board of Directors, through the Finance & Governance Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Finance & Governance Committee, comprised of OCRC Board members only, generally meets periodically with management, the internal auditors, and the Office of the Auditor General of Ontario to satisfy itself that each group has properly discharged its respective responsibilities. Also, the Office of the Auditor General of Ontario meets with the Finance & Governance Committee without management present.

The financial statements have been audited by the Office of the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with International Financial Reporting Standards. The Independent Auditor's Report outlines the scope of the Auditor General's examination and opinion.

On behalf of management:



David Lobo
Interim President and Chief Executive Officer



Zeela Merchant
Chief Financial Officer

June 29, 2022



INDEPENDENT AUDITOR'S REPORT

To the Board of the Ontario Cannabis Retail Corporation

Opinion

I have audited the financial statements of the Ontario Cannabis Retail Corporation (the Corporation), which comprise the statement of financial position as at March 31, 2022, and the statements of income and comprehensive income, changes in equity (deficit) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Corporation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Toronto, Ontario
June 29, 2022



Bonnie Lysyk, MBA, FCPA, FCA, LPA
Auditor General

ONTARIO CANNABIS RETAIL CORPORATION

Statement of Financial Position

(Canadian dollars)

	Note	March 31, 2022	March 31, 2021
Assets			
Current Assets			
Cash	3	385,930,236	166,393,918
Trade and other receivables	4	968,847	822,005
Inventories	5	74,943,246	72,761,569
Prepaid Services		961,227	1,047,275
		462,803,556	241,024,767
Non-current Assets			
Prepaid Services		283,945	102,874
Property, equipment, and intangible assets	6	3,595,277	3,707,196
Right-of-use assets	7	49,929,987	47,320,067
		53,809,209	51,130,137
Total Assets		516,612,765	292,154,904
Liabilities and Equity			
Current Liabilities			
Trade and other payables	8	172,124,982	127,155,991
Provisions	9	1,741,203	1,795,081
Leases	7	3,953,520	2,993,508
Borrowings	10	9,386,099	9,386,099
		187,205,804	141,330,679
Non-current Liabilities			
Leases	7	46,997,254	45,432,498
Borrowings	10	57,955,082	65,367,518
		104,952,336	110,800,016
Total Liabilities		292,158,140	252,130,695
Equity			
Accumulated equity		224,454,625	40,024,209
Total Liabilities and Equity		516,612,765	292,154,904

See accompanying notes to the financial statements.

Approved by:



Connie Dejak, Chair, Board of Directors



Philip Leong, Board Member, Chair, Finance and Governance Committee

ONTARIO CANNABIS RETAIL CORPORATION**Statement of Income and Comprehensive Income***(Canadian dollars)*

	<i>Note</i>	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue	11	1,180,849,381	651,705,806
Cost of sales	12	(914,518,780)	(505,750,968)
Gross margin		266,330,601	145,954,838
Other income	13	22,036	144,217
Selling, general and administrative expenses	14	(81,053,592)	(73,622,749)
Income from operations		185,299,045	72,476,306
Finance income	15	2,117,967	736,612
Finance costs	15	(2,986,596)	(3,002,947)
Total comprehensive income		184,430,416	70,209,971

See accompanying notes to the financial statements.

ONTARIO CANNABIS RETAIL CORPORATION**Statement of Changes in Equity (Deficit)***(Canadian dollars)*

	For the year ended March 31, 2022	For the year ended March 31, 2021
Accumulated equity (deficit) at beginning of year	40,024,209	(30,185,762)
Total comprehensive income for the year	184,430,416	70,209,971
Accumulated equity at end of year	224,454,625	40,024,209

See accompanying notes to the financial statements.

ONTARIO CANNABIS RETAIL CORPORATION

Statement of Cash Flows

(Canadian dollars)

	Note	For the year ended March 31, 2022	For the year ended March 31, 2021
Operating activities:			
Total comprehensive income		184,430,416	70,209,971
Less:			
Depreciation of property, equipment, and intangible assets	6	568,394	439,116
Depreciation of right-of-use assets	7	4,063,285	3,602,200
Interest on borrowings	15	1,973,663	2,175,408
Interest expenses on leases	15	1,012,933	827,539
Interest paid on leases		(1,012,933)	(615,990)
Write-off of right-of-use assets	7	43,894	-
Loss on disposal of assets	14	7,858	7,586
		191,087,510	76,645,830
Changes in non-cash balances related to operations:			
Trade and other receivables	4	(146,842)	1,354,822
Inventories	5	(2,181,677)	(35,109,666)
Prepaid expenses		(95,023)	(575,936)
Trade and other payables	8	44,968,991	55,270,066
Provisions	9	(53,878)	223,387
Net cash from operating activities		233,579,081	97,808,503
Investing activities:			
Purchase of property, equipment, and intangible assets	6	(464,333)	(1,462,143)
Purchase of right-of-use assets	7	(337,994)	-
Net cash used in investing activities		(802,327)	(1,462,143)
Financing activities:			
Lease payments	7	(3,440,794)	(2,731,216)
Prepayments of right-of-use assets under construction	7	(413,543)	(432,465)
Repayments of borrowings	10	(9,386,099)	(9,386,099)
Net cash used in financing activities		(13,240,436)	(12,549,780)
Net increase in cash		219,536,318	83,796,580
Cash, beginning of year		166,393,918	82,597,338
Cash, end of year		385,930,236	166,393,918

See accompanying notes to the financial statements.

ONTARIO CANNABIS RETAIL CORPORATION

Notes to Financial Statements

(Canadian dollars)

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ONTARIO CANNABIS RETAIL CORPORATION

Notes to Financial Statements

(Canadian dollars)

1. Corporate and general information

The Ontario Cannabis Retail Corporation (“OCRC”) is a corporation without share capital incorporated under the *Ontario Cannabis Retail Corporation Act*, S.O. 2017, Chapter 26, Schedule 2 (“the Act”). OCRC was established on December 12, 2017, as an agent of the Crown.

The Act authorizes the OCRC to buy, possess and sell non-medical cannabis and related products, establishes it as Ontario's online non-medical cannabis retailer, and provides it with the exclusive right to wholesale non-medical cannabis to privately-run cannabis retail stores licensed by the Alcohol and Gaming Commission of Ontario (“AGCO”).

As an Ontario Crown corporation, OCRC is exempt from income taxes. Under *the Act*, OCRC will transfer its net profits to the Province of Ontario (“Province”) at such times and in such manner as may be directed.

OCRC's fiscal year begins on April 1 in each year and ends on March 31 in the following year.

OCRC's head office is located at 4100 Yonge Street, 2nd Floor, Toronto, Ontario, Canada, M2P 2B5.

2. Basis of presentation and significant accounting judgments and policies

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The audited financial statements were approved by the Board of Directors and authorized for issue on June 29, 2022.

2.2 Basis of presentation

These financial statements have been prepared on the basis of historical cost. Cost is recorded based on the fair value of the consideration given in exchange for the assets.

2.3 Functional and presentation currency

These financial statements are presented in Canadian dollars, OCRC's functional currency.

2.4 Accounting standards, amendments and interpretations issued, but not yet effective

There are no IFRS standards that are not yet effective that would be expected to have a material impact on OCRC.

2.5 Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost. The carrying amount of trade and other receivables is reduced through the use of an allowance for lifetime expected credit losses.

Trade receivables related to customers are not currently applicable to OCRC, as payment is received from customers prior to shipment of goods. Other receivables are made up of chargeback receivables, net of allowances for expected credit losses, sundry receivables, recoverable input tax credits and interest receivable on cash balances.

ONTARIO CANNABIS RETAIL CORPORATION

Notes to Financial Statements

(Canadian dollars)

The carrying amount of chargeback receivables is reduced through the use of an allowance where there is objective evidence that OCRC will not be able to collect amounts due from a vendor chargeback. OCRC makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. OCRC assess impairment of chargeback receivables on an individual basis as they possess separate credit risk characteristics. OCRC establishes an allowance on vendor chargeback receivables taking into consideration, external indicators, current economic trends, historical experience, and forecasts of future economic conditions. When receivables are deemed uncollectible it is written off against the allowance. The loss is recognized as selling, general, and administrative expenses in the Statement of Income and Comprehensive Income.

2.6 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined by the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Cost includes all direct expenditures to bring the inventory to its present location and condition net of vendor allowances. Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable.

2.7 Property and equipment

Capital expenditures with a future useful life beyond the current year are measured at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is recognized in the Statement of Income and Comprehensive Income over the expected useful lives of each major component of property and equipment, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The cost of subsequently replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits related to the part will flow to OCRC, and its cost can be measured reliably. The carrying amount of the replaced item of property and equipment is derecognized, if it is disposed, or if there are no future economic benefits expected. The costs of the day-to-day servicing of property and equipment are recognized as expense as incurred.

The estimated useful lives of property and equipment are as follows:

Computer hardware	4 years
Furniture and fixtures	10 years
Leasehold improvements	Initial building lease term + 1 renewal term

Property and equipment that is work-in-progress is measured at historical cost. Depreciation commences when they are available for use.

ONTARIO CANNABIS RETAIL CORPORATION

Notes to Financial Statements

(Canadian dollars)

2.8 Intangible assets

Intangible assets with finite lives are measured at cost less accumulated depreciation and any accumulated impairment losses. These intangible assets are depreciated on a straight-line basis over their estimated useful lives.

Intangible assets include externally acquired software, which has an estimated useful life of three to four years.

2.9 Impairment of property, equipment, and intangible assets

After recognition of an asset, an item of property, equipment and intangible asset shall be carried at its cost less any accumulated depreciation and accumulated impairment losses. An asset is impaired when its carrying amount exceeds its recoverable amount. To determine whether an item of property, equipment and intangible assets is impaired, OCRC considers whether:

- the asset value has declined significantly.
- significant changes with adverse effects on OCRC have taken place, impacting the use of the asset.
- the carrying value of a net asset is significantly higher than its market value.
- evidence is available of obsolescence or physical damage, having a significant impact on OCRC's financial position.

If any such indications exist, the recoverable amount of the asset or cash-generating unit (CGU) which is the higher of its fair value less cost of disposal and its value in use, must be determined. A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the amount of the asset or CGU is reduced to its recoverable amount.

Any impairment loss is recognized as an expense in the period in which it occurs.

2.10 Leases

The OCRC assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

With the exception of short-term leases and leases of low-value assets, OCRC recognizes a lease liability on the lease commencement date. The initial amount of the lease liability comprises the present value of the lease payments during the lease term. The lease term is the non-cancellable period for which OCRC has the right to use the asset, including extension or termination option periods that OCRC is reasonably certain to exercise.

ONTARIO CANNABIS RETAIL CORPORATION

Notes to Financial Statements

(Canadian dollars)

The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the lease payments are discounted using OCRC's incremental borrowing rate, which is the applicable rate of the Ontario Financing Authority at the lease commencement date. Subsequently, the lease liability is measured by increasing the liability to reflect interest and decreasing the liability to reflect payments. The lease liability is remeasured to reflect reassessment or modification or to reflect in-substance fixed lease payments. The revised lease payments are discounted using the OCRC's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognized in Statement of Income and Comprehensive Income.

Right-of-use assets are measured at cost, comprised of the initial amount of the lease liability; lease payments made at or before the lease commencement date, less any incentives received; initial direct costs; and an estimate of dismantling or restoration costs to be incurred. Depreciation of right-of-use-assets is recognized in the Statement of Income and Comprehensive Income over the lease term, using the straight-line method.

Right-of-use assets under construction are capitalized when lease payments are made prior to the commencement date. Right-of-use assets under construction are not depreciated until such time they are available for use. Right-of-use assets under construction is subsequently transferred to its applicable category and depreciation would commence over the lease term.

At the end of each equipment lease term, the OCRC may purchase the underlying asset from the lessor at a third-party determined fair market value. The purchase costs can be measured reliably, and the future economic benefits are probable. Upon purchases of the right-of-use assets, the cost continues to be recorded as a right-of-assets and the purchase costs are added to the total right-of-use assets carrying amount and is depreciated on a straight-line basis over its remaining economic useful life. Purchased distribution centre equipment assets have estimated useful lives ranging between eight to twenty years.

Short-term leases and leases of low-value assets are accounted for by recognizing the lease payments on a straight-line basis over the lease term.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and to instead account for any lease and associated non-lease components as a single arrangement. OCRC has not used this practical expedient, as a result the OCRC accounts for each lease component and any associated non-lease component as a separate lease component. Non-lease components, also referred to as variable lease payments, such as property taxes, management fees and utilities have been expensed as incurred throughout the year.

2.11 Trade and other payables

Trade and other payables are classified and measured at amortized cost as they are generally short-term in nature and due within one year of the Statement of Financial Position date. Trade payables are non-interest bearing and are initially measured at fair value and subsequently remeasured at amortized cost.

Vendor chargebacks are offset against liabilities when OCRC has a legally enforceable right to offset the receivable amount and intends to settle on a net basis.

ONTARIO CANNABIS RETAIL CORPORATION

Notes to Financial Statements

(Canadian dollars)

2.12 Provisions

Provisions are recognized when there is a present legal or constructive obligation because of a past event, for which it is probable that an outflow of economic benefit will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation.

2.13 Borrowings

Borrowings are financial liabilities with original maturity dates greater than one year. They are initially measured at fair value less transaction costs and subsequently measured at amortized cost, using the effective interest method.

2.14 Employee benefits

Pension benefits costs

OCRC provides defined pension benefits for all its permanent employees (and to non-permanent employees who elect) through the Public Service Pension Fund ("PSPF") and the Ontario Public Service Employees Union (OPSEU) Pension Fund. The Province, which is the sole sponsor of the PSPF and a joint sponsor of the OPSEU Pension Fund, determines OCRC's annual contribution to the funds. As sponsors are responsible for ensuring that the pension fund is financially viable, any surpluses and unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of the OCRC.

The OCRC does not have a net obligation in respect of the defined benefit pension plans as the plan are established by the Province of Ontario. The Province of Ontario controls all entities included in the pension plans. The OCRC has classified these plans as state plans as there is no contractual agreement or stated policy for charging the net defined benefit cost of the plans to the OCRC. As such, the OCRC records these post-employment benefits as a defined contribution plan and is charged to the Statement of Income and Other Comprehensive Income in the period the contributions become payable.

Short-term employee benefits

Short-term employee benefits are benefits that are expected to be wholly settled within twelve months of the annual reporting period in which they are earned by employees.

Other long-term employee benefits

Employee benefits other than those provided by the Province include Workplace Safety and Insurance Board ("WSIB") and Long-Term Disability ("LTD"). These plans provide long-term income protection benefits to employees when they are no longer providing active service.

As a Schedule 2 employer, the OCRC is a self-insured employer and therefore must pay for the full cost of claims as the payments are due and cover all WSIB related administrative expenses. The WSIB maintains full authority over the Schedule 2 claims entitlement process.

Other long-term employee benefits are employee benefits that are not expected to be wholly settled within twelve months of the annual reporting period in which they are earned by employees. Provisions for long-term employee benefits are measured at the present value of the estimated future cash flows.

ONTARIO CANNABIS RETAIL CORPORATION

Notes to Financial Statements

(Canadian dollars)

2.15 Revenue

Revenue from sale of wholesale and eCommerce goods is measured at the fair value of consideration received from the sale of goods in the ordinary course of OCRC's activities less any applicable taxes, actual and expected returns. Revenue from wholesale and eCommerce is recognized when the customer receives the product or upon estimated receipt by the customer.

Revenue from the data subscription program is measured at the fair value of consideration received from participants in the program, less any applicable taxes. Revenue from the data subscription program is recognized at the time the annual fee is charged.

2.16 Cost of sales

Cost of sales includes the cost of inventories expensed during the year and other costs incurred to fulfill performance obligations to customers.

2.17 Other income

Other income comprises income from trade day which is recognized when the event is held and income from fees charged. The income from trade day and fees charged can be measured reliably.

2.18 Finance income and costs

Finance income comprises interest income on cash balances.

Finance costs consist of interest expense on borrowings and lease liabilities.

Interest income and expense are calculated using the effective interest method.

2.19 Financial instruments

Financial assets and financial liabilities are recognized when OCRC becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value, plus or minus transaction costs that are directly attributable to their acquisition.

The measurement of financial instruments in subsequent periods and the recognition of changes in fair value depend on the category in which they are classified.

OCRC has classified and measured its financial instruments as follows:

<u>Financial Asset/Liability</u>	<u>Measurement</u>
Cash	Amortized cost
Trade and other receivables	Amortized cost
Trade and other payables	Amortized cost
Borrowings	Amortized cost

Amortized cost

This measurement category applies to financial instruments in which assets are held for collection of contractual cash flows in which the cash flows represent solely payments of principal and interest. Cash, trade and other receivables, trade and other payables and borrowings are measured at amortized cost.

ONTARIO CANNABIS RETAIL CORPORATION

Notes to Financial Statements

(Canadian dollars)

Fair value measurements

The OCRC does not have financial instruments measured at fair value.

2.20 Use of Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amount of assets and liabilities, disclosures of contingent assets and liabilities as at the date of the financial statements, and the carrying amount of revenues and expenses for the reporting period. These estimates are changed periodically and, as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

The judgments and key sources of estimation uncertainty that have a significant effect on the amounts recognized in these financial statements are disclosed in the relevant notes to which the estimates and judgments relate.

Inventories

Inventories are carried at the lower of cost and net realizable value which required the OCRC to utilize estimates related to fluctuations in shrink, future retail prices, the impact of vendor chargebacks on cost, seasonality, and costs necessary to sell the inventory.

Leases

Management exercises judgement in determining the appropriate lease term on a lease-by-lease basis. Management considers all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option including investments in major leaseholds, past business practice and the length of time remaining before the option is exercisable. The periods covered by renewal options are only included in the lease term if Management is reasonably certain to renew. Management considers reasonably certain to be a high threshold. Changes in the economic environment or changes in the cannabis industry may impact Management's assessment of lease term, and any changes in Management's estimate of lease terms may have a material impact on the OCRC Statement of Financial Position and Statement of Income and Comprehensive Income.

In determining the carrying amount of right-of-use assets and lease liabilities, OCRC is required to estimate the incremental borrowing rate specific to each leased asset if the interest rate implicit in the lease is not readily determined. Management determines the incremental borrowing rate using the applicable rate of the Ontario Financing Authority ("OFA") at the lease commencement date.

Provisions

Provisions have been made for certain employee benefits, sales returns, contract terminations and deferred revenue. These provisions are estimates, the actual costs and timing of future cash flows are dependent on future events. Any difference between expectations and the actual future liability will be accounted for in the period where such determination is made.

3. Cash

Cash as at March 31, 2022, includes interest-bearing bank accounts. OCRC did not hold any cash equivalents as at March 31, 2022 (2021 - \$nil).

ONTARIO CANNABIS RETAIL CORPORATION

Notes to Financial Statements

(Canadian dollars)

4. Trade and other receivables

Trade and other receivables include the following:

	March 31, 2022	March 31, 2021
Chargeback receivables	252,112	344,916
Loss allowance for expected credit losses	(30,667)	(217,468)
Recoverable input tax credits	-	326,560
Sundry receivables	379,267	283,735
Trade receivables	33,807	-
Interest receivable	334,328	84,262
	968,847	822,005

The carrying amount of trade and other receivables approximates its fair value due to its short-term nature. Chargeback receivables is made up of vendor chargeback balances from price protection or returned products. The carrying amount of chargeback receivables is reduced through the use of an allowance at levels considered adequate to absorb credit losses. Subsequent recoveries of receivables previously provisioned are credited to Selling, General and Administrative Expenses. The amount of lifetime expected credit losses on trade and other receivables, specifically chargeback receivables, is \$30,667 (2021 - \$217,468). Information about the OCRC's exposure to credit risks and analysis relating to the loss allowance for expected credit losses is included in note 17.

5. Inventories

As at March 31, 2022, the carrying amount of inventory was written down by an allowance of \$4,014,564 (2021 - \$870,624) to net realizable value. No inventory is pledged as security.

The cost of inventories sold and recognized as cost of sales during the year ended March 31, 2022, was \$890,246,064 (2021 - \$483,829,965). This includes inventory write-downs recognized during the year of \$4,014,564 (2021 - \$870,624).

Inventory write-downs recognized in prior periods and reversed in the year were \$870,624 (2021 - \$2,111,961). The reversal of write-downs was the result of selling through or charging back the cost of the inventory to the vendor upon return or destruction.

The write-downs and reversals are included in inventory cost of sales.

ONTARIO CANNABIS RETAIL CORPORATION**Notes to Financial Statements***(Canadian dollars)*

6. Property, equipment, and intangible assets

The following table presents the net book value and changes in the cost and accumulated depreciation of property, equipment, and intangible assets.

Property, equipment, and intangible assets continuity for the year ended March 31, 2022:

	Computer hardware	Furniture and fixtures	Computer software	Leasehold improvements	Leasehold improvements in progress	Total
Cost						
Balance at March 31, 2021	894,906	1,343,335	15,002	1,165,824	1,173,752	4,592,819
Additions	158,480	48,333	-	61,160	196,360	464,333
Transfer	-	-	-	1,330,476	(1,330,476)	-
Disposals	(24,518)	(2,776)	-	-	-	(27,294)
Balance at March 31, 2022	1,028,868	1,388,892	15,002	2,557,460	39,636	5,029,858
Accumulated depreciation						
Balance at March 31, 2021	457,800	252,150	7,799	167,874	-	885,623
Depreciation	234,973	133,068	3,561	196,792	-	568,394
Disposals	(18,660)	(776)	-	-	-	(19,436)
Balance at March 31, 2022	674,113	384,442	11,360	364,666	-	1,434,581
Carrying amount						
As at March 31, 2021	437,106	1,091,185	7,203	997,950	1,173,752	3,707,196
As at March 31, 2022	354,755	1,004,450	3,642	2,192,794	39,636	3,595,277

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(Canadian dollars)

Property, equipment, and intangible assets continuity for the year ended March 31, 2021:

	Computer hardware	Furniture and fixtures	Computer software	Leasehold improvements	Leasehold improvements in progress	Total
Cost						
Balance at March 31, 2020	783,000	1,349,944	10,816	995,824	-	3,139,584
Additions	114,205	-	4,186	170,000	1,173,752	1,462,143
Disposals	(2,299)	(6,609)	-	-	-	(8,908)
Balance at March 31, 2021	894,906	1,343,335	15,002	1,165,824	1,173,752	4,592,819
Accumulated depreciation						
Balance at March 31, 2020	254,473	119,334	3,764	70,258	-	447,829
Depreciation	204,649	132,816	4,035	97,616	-	439,116
Disposals	(1,322)	-	-	-	-	(1,322)
Balance at March 31, 2021	457,800	252,150	7,799	167,874	-	885,623
Carrying amount						
As at March 31, 2020	528,527	1,230,610	7,052	925,566	-	2,691,755
As at March 31, 2021	437,106	1,091,185	7,203	997,950	1,173,752	3,707,196

7. Leases

a) Lease liabilities

The following table presents the changes in the lease liability for the year ended March 31, 2022:

	Office premises	Distribution centre premises	Distribution centre equipment	Total
Balance, as at March 31, 2021	10,661,128	33,406,582	4,358,296	48,426,006
Additions	-	-	5,965,562	5,965,562
Principal payments	(611,556)	(1,155,507)	(1,673,731)	(3,440,794)
Balance, as at March 31, 2022	10,049,572	32,251,075	8,650,127	50,950,774
			March 31, 2022	March 31, 2021
Current portion			3,953,520	2,993,508
Long-term portion			46,997,254	45,432,498
			50,950,774	48,426,006

Interest expense on these lease obligations for the year ended March 31, 2022, was \$1,012,933 (2021 - \$827,538). Total cash outflow for the year ended March 31, 2022, was \$4,453,727 (2021 - \$3,347,205) including interest.

ONTARIO CANNABIS RETAIL CORPORATION

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(Canadian dollars)

Maturity analysis of lease liabilities

The maturity analysis of lease liabilities reflecting the future contractual lease payments that are expected to be made over the next five years and thereafter are as follows:

	March 31, 2022
Less than one year	5,077,102
One to five years	18,568,432
Thereafter	36,860,918
Total undiscounted lease payments	60,506,452
Less: Imputed interest on lease	(9,555,678)
Total discounted lease payments	50,950,774

Short-term leases

Expenses relating to short-term leases (short-term office accommodation and storage facilities) accounted for on a straight-line basis over the lease term were \$nil for the year ended March 31, 2022 (2021 - \$13,189). As at March 31, 2022, commitments for short-term leases are \$nil (2021 - \$nil).

Low-value leases

Expenses relating to low-value leases (low-value distribution centre office furniture, fixtures, and information technology equipment) accounted for on a straight-line basis over lease terms ranging between 36 months to 60 months were \$361,965 for the year ended March 31, 2022 (2021 - \$273,573). As at March 31, 2022, commitments for low-value leases are \$419,623 (2021 - \$318,364).

Office lease

OCRC entered into an office lease during the year ended March 31, 2020. The lease term is for 5 years with two optional extension terms of 5 years each. The lease payments were discounted using OCRC's incremental borrowing rate, which is the applicable rate of the Ontario Financing Authority ("OFA") at the lease commencement date.

Distribution centre lease

OCRC entered into a distribution centre lease during the year ended March 31, 2021. The lease term is for 10 years with two optional extension terms of 5 years each. The lease payments were discounted using OCRC's incremental borrowing rate, which is the applicable rate of the Ontario Financing Authority ("OFA") at the lease commencement date.

Distribution centre equipment - leased

During the year ended March 31, 2022, OCRC entered into additional equipment leases for use at the distribution centre. The lease terms range from 36 months to 60 months with optional one year extension terms. The lease payments were discounted using OCRC's incremental borrowing rate, which is the applicable rate of the Ontario Financing Authority ("OFA") at the lease commencement date.

Distribution centre equipment - purchased

A few equipment leases expired during the year and the OCRC elected to purchase the underlying assets at an arm's length fair market value determined at the end of the lease term. The measurable purchase costs were added to the right-of-use asset's carrying amount at the end of the lease term. The purchased right-of-use assets' remaining carrying values are depreciated over their remaining economic useful lives.

ONTARIO CANNABIS RETAIL CORPORATION

Notes to Financial Statements

(Canadian dollars)

Variable lease payments

Total variable lease expenses that are not included in the measurement of lease liabilities are \$671,274 (2021 - \$509,383).

Committed leases

As at March 31, 2022, the OCRC had no committed leases (2021 - \$4,660,538).

b) Right-of-use assets

The following table presents the changes in the cost of right-of-use assets for the year ended March 31, 2022:

	Office premises	Distribution centre premises	Distribution centre equipment ¹	Distribution centre equipment under construction	Total
Cost					
Balance at March 31, 2021	11,576,564	34,582,065	5,345,113	252,159	51,755,901
Additions	-	-	6,014,361	707,643	6,722,004
Modifications	-	-	(4,905)	-	(4,905)
Transfers	-	-	915,908	(915,908)	-
Disposals	-	(1,043,388)	-	-	(1,043,388)
Write off	-	-	-	(43,894)	(43,894)
Balance at March 31, 2022	11,576,564	33,538,677	12,270,477	-	57,385,718
Accumulated depreciation					
Balance at March 31, 2021	1,518,238	2,095,591	822,005	-	4,435,834
Depreciation	759,119	1,696,870	1,607,296	-	4,063,285
Transfers	-	-	-	-	-
Disposals	-	(1,043,388)	-	-	(1,043,388)
Balance at March 31, 2022	2,277,357	2,749,073	2,429,301	-	7,455,731
Carrying amount					
As at March 31, 2021	10,058,326	32,486,474	4,523,108	252,159	47,320,067
Balance at March 31, 2022	9,299,207	30,789,604	9,841,176	-	49,929,987

¹ The distribution centre equipment consists of leased and purchased right-of-use assets.

ONTARIO CANNABIS RETAIL CORPORATION

Notes to Financial Statements

(Canadian dollars)

The following table presents the changes in the cost of right-of-use assets for the year ended March 31, 2021:

	Office premises	Distribution centre premises	Distribution centre equipment	Distribution centre equipment under construction	Total
Cost					
Balance at March 31, 2020	11,576,564	3,360,829	-	-	14,937,393
Additions	-	33,538,675	5,164,807	432,465	39,135,947
Modifications	-	(1,635,186)	-	-	(1,635,186)
Transfers	-	-	180,306	(180,306)	-
Disposals	-	(682,253)	-	-	(682,253)
Balance at March 31, 2021	11,576,564	34,582,065	5,345,113	252,159	51,755,901
Accumulated depreciation					
Balance at March 31, 2020	759,119	756,768	-	-	1,515,887
Depreciation	759,119	2,021,076	822,005	-	3,602,200
Disposals	-	(682,253)	-	-	(682,253)
Balance at March 31, 2021	1,518,238	2,095,591	822,005	-	4,435,834
Carrying amount					
As at March 31, 2020	10,817,445	2,604,061	-	-	13,421,506
Balance at March 31, 2021	10,058,326	32,486,474	4,523,108	252,159	47,320,067

8. Trade and other payables

Trade and other payables include the following:

	March 31, 2022	March 31, 2021
Inventory payables and accruals	164,682,928	118,489,276
Chargebacks offset against inventory payables	(4,317,445)	(4,176,653)
Other trade payables and accrued expenses	8,968,740	12,579,257
Input tax credits payable	2,476,049	-
Deferred revenue	58,085	125,741
Customer deposits	256,625	138,370
	172,124,982	127,155,991

The fair values of trade and other payables approximate their carrying amounts due to their short-term nature.

ONTARIO CANNABIS RETAIL CORPORATION

Notes to Financial Statements

(Canadian dollars)

9. Provisions

The following tables represent the changes to OCRC's provisions:

Provisions continuity for the year ended March 31, 2022

	Short term employee benefits	Other	Total
Balance at March 31, 2021	1,254,320	540,761	1,795,081
Additional provisions recognised during the year	1,168,597	251,606	1,420,203
Utilization of provision	(1,254,320)	(219,761)	(1,474,081)
Balance at March 31, 2022	1,168,597	572,606	1,741,203

Provisions continuity for the year ended March 31, 2021

	Contract terminations	Short term employee benefits	Other	Total
Balance at March 31, 2020	531,060	1,303,446	175,371	2,009,877
Additional provisions recognised during the year	-	1,254,320	450,761	1,705,081
Reversal of provision	(134,044)	-	-	(134,044)
Utilization of provision	(397,016)	(1,303,446)	(85,371)	(1,785,833)
Balance at March 31, 2021	-	1,254,320	540,761	1,795,081

All provisions are classified as current. The employee benefits provision includes short-term employee benefits expected to be paid in the following year. Other provisions include long term employee benefits (refer to Note 2.14) and a sales returns allowance. The sales returns allowance is estimated based on historical sales return trends.

10. Borrowings

At March 31, 2022, changes in borrowings are as follows:

	March 31, 2022	March 31, 2021
Balance, as at March 31, 2021		OFA Loan 74,753,617
Principal payments		(9,386,099)
Interest accretion		1,973,663
Balance, as at March 31, 2022		67,341,181
	March 31, 2022	March 31, 2021
OFA Loan	67,341,181	74,753,617
Less: current portion of borrowings	(9,386,099)	(9,386,099)
Non-current borrowings	57,955,082	65,367,518

ONTARIO CANNABIS RETAIL CORPORATION

Notes to Financial Statements

(Canadian dollars)

On February 14, 2018, OCRC entered into a loan agreement with the Ontario Financing Authority (OFA) and the Ministry of Finance, involving two facilities, for the purpose of financing OCRC's set-up and initial operations. Under facility one, OCRC is provided an advance, of which OCRC may draw funds from the OFA to a maximum principal amount of \$150,000,000, with an end date of December 31, 2019. The facility one principal amount, plus interest accrued, is to be repaid using the advance from facility two on January 1, 2020.

The total cumulative loan balance under facility one, inclusive of interest, as at December 31, 2019, was \$81,405,414. Consistent with the terms of the loan agreement, the cumulative loan balance of facility one was fully repaid with funds advanced from facility two on January 1, 2020. Facility two is a non-revolving 10-year term loan and bears interest at 2.79 per cent per annum, compounded semi-annually, and is repayable in equal semi-annual instalments of \$4,693,049 commencing on June 30, 2020. The loan is unsecured and is due January 1, 2030.

The fair value of borrowings at March 31, 2022 approximates their carrying amount.

11. Revenue

Revenue is comprised of sales of cannabis products and accessories, net of returns, and delivery fees and is recognized at the time the customer receives the product.

	For the year ended March 31, 2022	For the year ended March 31, 2021
Wholesale revenue	1,107,774,064	518,569,666
E-commerce revenue	72,692,817	132,936,140
Data subscription program	382,500	200,000
	1,180,849,381	651,705,806

Credit losses incurred on e-commerce transactions were \$34,645 for the year ended March 31, 2022 (2021 - \$56,891). Refer to Note 17.

12. Cost of sales

Cost of sales includes the cost of product sold, determined by the weighted average cost method, as well as other costs incurred by OCRC to fulfill its contractual obligations to customers.

	For the year ended March 31, 2022	For the year ended March 31, 2021
Cost of goods sold	890,246,064	483,829,965
Delivery fees	23,944,919	21,122,683
Transaction fees	327,797	798,320
	914,518,780	505,750,968

ONTARIO CANNABIS RETAIL CORPORATION**Notes to Financial Statements***(Canadian dollars)*

13. Other income

Other income includes the following:

	For the year ended March 31, 2022	For the year ended March 31, 2021
Fees	19,475	5,255
Gain on disposal of fixed assets	2,561	-
Reversal of provision for contract terminations	-	113,760
Trade day income	-	25,202
	22,036	144,217

14. Selling, general and administrative expenses

Selling, general and administrative expenses include the following:

	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and benefits	32,924,294	27,674,869
Warehouse and logistics	28,883,587	25,754,284
Information systems and technology support	5,189,081	7,928,148
Depreciation of right-of-use assets	4,063,285	3,602,200
Depreciation of property, equipment, and intangible assets	568,394	439,116
Professional services	2,779,425	1,375,067
Contract services	2,704,347	2,223,263
E-commerce transaction processing	1,404,645	2,576,359
Insurance	1,245,831	1,163,930
Occupancy	843,972	907,631
Other expenses	395,460	414,842
Recruitment services	140,080	87,855
Loss on disposal of fixed assets	7,858	7,586
Recovery of bad debts	(96,667)	(532,401)
	81,053,592	73,622,749

15. Finance income and costs

Finance income and costs include the following:

	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income on bank balances	2,117,967	736,612
Lease liabilities interest expense (Note 7)	(1,012,933)	(827,539)
OFA loan interest expense (Note 10)	(1,973,663)	(2,175,408)
	(868,629)	(2,266,335)

ONTARIO CANNABIS RETAIL CORPORATION

Notes to Financial Statements

(Canadian dollars)

16. Post-employment and other long-term employee benefits

(i) Employee pension benefits

During the year, OCRC made pension contributions to the plans that amounted to \$2,349,725 (2021 - \$1,753,005). These amounts are included in salaries and benefits expenses and reported in selling, general and administrative expenses in the Statement of Income and Comprehensive Income.

(ii) Other long-term employee benefit plans

Other long-term employee benefits provided by OCRC include long-term income protection benefits.

As at March 31, 2022, the liability for long-term income protection benefits recognized amounted to \$480,000 (2021 - \$321,000), which is included in the Statement of Income and Comprehensive Income.

17. Financial risk management

OCRC's Treasury Policy and Customer Credit Risk Management Policy regarding financial risk management and internal controls set out a prudential framework for the identification, measurement, management, and control of financial risks. These policies are a fundamental part of OCRC's long-term strategy covering areas such as credit risk, liquidity risk and interest rate risk. OCRC's financial risk management approach is to minimize the potential adverse effects from these risks on its financial performance. OCRC is exposed to the following financial risks:

(a) Credit risk

Credit risk is the risk of financial loss due to a financial counterparty or another third party failing to meet its financial or contractual obligations to the OCRC.

OCRC minimizes credit risk on its cash accounts by restricting its banking and cash management to arrangements with Schedule I banks. Payment for orders from Licensed Retailers is collected via pre-authorized debit upon shipment, or prepaid, making the likelihood of credit loss very low. Payment for orders from eCommerce customers is authorized at checkout, making the likelihood of credit loss very low. In addition, OCRC employs various fraud detection tools to identify high-risk e-commerce transactions. These practices enable OCRC to minimize credit risk related to customers. Trade receivables from customers totaled \$33,807 as at March 31, 2022 (2021 - \$nil).

OCRC is exposed to credit risk under circumstances where chargebacks are issued from OCRC to vendors, resulting in balances due to OCRC. OCRC mitigates such risk by reviewing the receivables position against future planned inventory purchases for eventual offset against the receivable, where applicable. OCRC also analyses the vendors financial health and assesses their ability to meet their obligations based on information available, as well as actively processing collections activities to assist in mitigating the risk of non-payment resulting from chargebacks to vendors. A risk assessment is completed on a periodic basis, and a provision for expected credit losses is booked based on the outcome of the risk assessment. Chargeback receivables are derecognized when there is no reasonable expectation of recovery.

OCRC applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all chargeback receivables as these items do not have a significant financing component.

ONTARIO CANNABIS RETAIL CORPORATION

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(Canadian dollars)

OCRC estimates lifetime expected credit losses, specifically on chargeback receivables, as at March 31, 2022, to be \$30,667 (2021 - \$217,468). The changes in the chargeback receivables loss allowance were as follows:

	March 31, 2022	March 31, 2021
Beginning balance	217,468	751,811
Loss allowance recognized during the year	8,568	22,204
Loss allowance unused and reversed during the year	(195,369)	(556,547)
Ending balance	30,667	217,468

The details of OCRC's aging of chargeback receivables is as follows:

	March 31, 2022	March 31, 2021
Less than 60 days past due	46,216	19,571
61-180 days past due	-	46,674
Greater than 180 days past due	205,896	278,671
Total	252,112	344,916
Less: Loss allowance	(30,667)	(217,468)
Chargeback receivables (net)	221,445	127,448

Incurred credit losses are due to fraudulent e-commerce customer transactions that occur subsequent to shipment of product. Refer to Notes 4 and 11.

(b) Liquidity risk

Liquidity risk is the risk that OCRC may not have cash available to satisfy financial liabilities as they fall due.

OCRC seeks to limit its liquidity risk by actively monitoring and managing its available cash reserves to ensure that it has sufficient access to liquidity at all times to meet financial obligations when due as well as those relating to unforeseen events. In addition, OCRC has developed policies and practices to maximize working capital.

Trade and other payables are all due within one year of the Statement of Financial Position date. Refer to note 7 for the maturity analysis of lease liabilities reflecting the remaining contractual lease payments and refer to note 10 for information relating to the remaining semi-annual payments on borrowings until its maturity in 2030.

(c) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with an instrument will fluctuate due to changes in market interest rates. OCRC is exposed to minimal interest rate risk related to lease obligations as the rates are determined at commencement date, and minimal risk on its loan liability balance owed to the OFA, as a 10-year amortizing interest rates is applied (refer to note 10).

ONTARIO CANNABIS RETAIL CORPORATION

Notes to Financial Statements

(Canadian dollars)

In OCRC's assessment, the impact of changes in interest rates would not have a significant impact on net income.

18. Capital management

OCRC is a corporation without share capital. Its capital structure consists of borrowings and accumulated equity. Total managed capital as at March 31, 2022, is \$291,795,806 (2021 - \$114,777,826).

OCRC's objectives in managing its capital are to preserve capital and to maintain sufficient liquidity to meet future financial commitments, including the repayment of borrowings from the OFA. By achieving these objectives, OCRC is able to fund its future growth.

The Board of Directors is responsible for oversight of Management, including policies related to financial risk management. OCRC's Management is responsible for overseeing its capital structure and mitigating financial risk in response to changing economic conditions.

The OCRC is not subject to any externally imposed capital requirements.

19. Related parties

The related parties of OCRC consist of the Province and its government departments, agencies, ministries, Crown Corporations, and key management personnel of OCRC, close family members of these individuals, or entities controlled or jointly controlled by these individuals.

The following transactions were carried out with related parties and recorded at the exchange amount.

(a) Ontario Financing Authority

On February 14, 2018, OCRC entered into a loan with the OFA and the Minister of Finance to finance OCRC's set-up costs, including the shared services provided by LCBO. The amount of the loan at March 31, 2022, is \$67,341,181 (2021 - \$74,753,617) including accrued interest of \$462,973 (2021 - \$511,113) under Facility two (refer to note 10).

(b) Ontario Pension Board, & Ontario Public Service Employees Union and Workplace Safety Insurance Board

Contributions to pension plans pertaining to employee future post-employment benefits and accrued benefit costs for other long-term employee benefit plans are disclosed in note 16.

(c) Stewardship Ontario

OCRC is responsible under the *Waste-Free Ontario Act, 2016*, to pay municipalities through Stewardship Ontario, an industry funded waste diversion organization for costs associated with container waste and non-container waste recycled through municipal Blue Box systems. The OCRC started to contribute to Stewardship Ontario during the year ended March 31, 2021.

For the year ended March 31, 2022, OCRC contributed \$100,497 (2021 - \$56,626) and these expenditures are included in selling, general and administrative expenses in the Statement of Income and Other Comprehensive Income.

ONTARIO CANNABIS RETAIL CORPORATION

Notes to Financial Statements

(Canadian dollars)

(d) Key management personnel

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of OCRC. Key management personnel include members of the Board of Directors as well as the President and Chief Executive Officer and top senior officers of OCRC. Board members receive a per diem remuneration for attending regularly scheduled meetings and for serving on the Finance and Governance Committee and the Human Resources and Compensation Committee.

Key management personnel compensation for the year ended March 31, 2022, was \$3,502,725 (2021 - \$3,925,246), comprised of salaries and benefits, directors per diem fees, and other short-term employee benefits.

20. Contingencies

Standby Letter of Credit

In order to meet the contribution payment demand requirements as set out in the Ontario Public Service Employees Union (OPSEU) agreement, the OCRC entered into an irrevocable standby letter of credit with one of its financial institutions in the amount of \$350,000 on September 24, 2021. The beneficiary of this letter of credit is the OPSEU. The purpose of this letter of credit is to have funds available to be drawn and payable to the OPSEU in the event a contribution payment is missed during the first contractual year the OCRC became a participant in the OPSEU OP Trust pension plan. This standby letter of credit is irrevocable, bears commission at a daily rate of 0.50% paid up front and expires on September 23, 2022.

No amounts have been drawn against the standby letter of credit as at March 31, 2022.

Other Contingencies

OCRC is involved in various legal actions arising out of the ordinary course and conduct of business. In view of the inherent difficulty of predicting the outcome on such matters, OCRC cannot state what the eventual outcome on such matters will be. However, based upon legal assessment and information presently available, OCRC does not believe that liabilities, if any, arising from pending litigation will have a material effect on the financial statements. Settlements, if any, concerning these contingent liabilities will be accounted for in the period in which the settlement occurs.

21. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.